



South Carolina
Rural Infrastructure
Authority

Program Strategy

**Program Year
July 1, 2013 – June 30, 2014**

South Carolina
Rural Infrastructure Authority
1201 Main Street, Suite 1600
Columbia, South Carolina 29201

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Program Strategy

Table of Contents

Overview	3
Program Objectives	3
Eligible Applicants	4
General Requirements	5
Funding Distribution	6
Grant Program Categories	7
Basic Infrastructure	7
Emergency Infrastructure	9
Economic Infrastructure	10
Economic Impact	11
Application Selection Process	13

Overview

The South Carolina Rural Infrastructure Authority (RIA) is a newly-formed state agency created by the General Assembly to select and assist in financing qualified rural infrastructure projects. Such infrastructure must meet an essential public purpose of providing environmental facilities and services to meet public health and environmental standards as well as to aid in the development of trade, commerce, industry, agriculture, aquaculture, and employment opportunities.

RIA is governed by Title 11, Chapter 50 of the South Carolina Code of Laws (Code) and has a seven member Board of Directors who represent rural areas of the state. The Secretary of Commerce serves as Chairman of the Board. Capitalization of the RIA originated from transferred assets of the South Carolina Budget and Control Board's Office of Local Government. Recurring funds are based on a designated allocation from the Rural Infrastructure Fund at the South Carolina Department of Commerce (Commerce), as well as annual funding from the General Assembly. The RIA Board selects and approves qualified rural infrastructure projects.

The RIA Program Strategy reflects the Board's plan for distributing funds and selecting qualified rural infrastructure projects for Fiscal Year (FY) 2014 (July 1, 2013 to June 30, 2014.) It includes a description of the grant programs and funds to be made available as well as the process for distribution. Each grant program category includes a description of the eligible activities, grant amounts, match and other requirements for applicants.

The RIA staff is available to provide technical assistance to potential applicants in the preparation of grant applications and also to help navigate the administration and management of funded projects in accordance with program requirements.

Program Objectives

Adequate infrastructure is an essential element for promoting economic growth and development that will provide jobs for the citizens of South Carolina. Infrastructure refers to the basic physical facilities and services required to sustain communities and support economic development. The RIA is focused primarily on public water, wastewater and other facilities necessary to improve rural communities.

For many rural communities, the original infrastructure was built by a successful local industry and eventually handed over to the public sector for operation and maintenance. The cost of maintaining and improving infrastructure has dramatically increased as facilities have aged and deteriorated. Environmental standards designed to protect the environment and preserve the quality of life have increased while the costs to maintain older systems have skyrocketed in recent years. Stagnant incomes and limited access to resources have made it difficult for communities to make the appropriate investments to maintain and upgrade its facilities and services.

Nonetheless, continued investments in infrastructure are necessary to ensure improved public health, environmental protection, community sustainability and economic development. The RIA was created to help close the gap in providing financial resources for infrastructure improvements. Yet, there are not enough funds available to meet all of the identified needs.

There are a number of existing federal and state programs available for communities to address infrastructure and economic development needs. Each program is designed to address a specific type of need or a specific type of customer, and each has its own unique set of requirements and regulations. While it is often necessary to combine resources to fully fund the cost of a project, the differing rules for each program often make the task cumbersome and difficult. The RIA strives to work with other agencies to coordinate funding and leverage resources in the most effective and efficient manner. By taking a collaborative approach, building partnerships and leveraging available resources, the goal is to stabilize the basic physical foundation of rural communities and take appropriate steps to build the capacity to create economic impact.

The RIA seeks to move rural communities forward by making strategic investments in infrastructure to improve conditions for sustainability and economic development. The RIA will offer grant assistance to local governments and other eligible entities for new or improved infrastructure consistent with the following objectives:

- Address basic infrastructure that is subject to public health, environmental and regulatory concerns;
- Target the most distressed areas that lack adequate resources for infrastructure needs;
- Build the capacity of rural areas for economic opportunity and sustainability;
- Provide infrastructure needed to support job creation and capital investment; and
- Leverage local efforts and other investments to create the greatest impact.

Eligible Applicants

Under Section 11-50-20 of the Code, the RIA is authorized to provide grants and assistance to local governments, special purpose and public service districts, or public works commissions for constructing and improving rural infrastructure facilities.

Eligible special purpose and public service districts or public works commissions must be registered by the Secretary of State or recognized by the South Carolina Department of Health and Environmental Control (DHEC). Private, not-for-profit water/sewer companies are not eligible applicants but may be assisted with RIA funds if the local government being served by the project agrees to be the applicant.

Section 11-50-40 (13) specifies that a rural infrastructure project must be primarily located in a county designated as distressed or least developed pursuant to Section 12-6-3360 for 2009 and as defined by the South Carolina Department of Revenue (DOR) or located in a county with a project that otherwise meets these requirements.

Projects located in counties that have been designated as least developed or distressed in accordance with the 2009 Job Tax Credit Act and are thus eligible to apply for RIA funding include:

Abbeville, Allendale, Bamberg, Barnwell, Cherokee, Chesterfield, Clarendon, Dillon, Edgefield, Fairfield, Greenwood, Hampton, Lancaster, Laurens, Lee, Marion, Marlboro, McCormick, Orangeburg, Union, and Williamsburg

County designations are updated annually by DOR. Therefore, Tier III and IV eligibility may change annually. A county will be considered eligible if it is designated as Tier III or Tier IV at the beginning of the fiscal year or at the time of application submission. Projects in counties currently designated by DOR as Tier III and IV counties (considered distressed and least developed) and considered eligible are:

Chester, Colleton, Darlington, Horry, Jasper, and Sumter

Projects serving non-eligible counties also may qualify for certain types of grants if the project service area is outside of an urbanized area, as defined by the US Census Bureau, and the project is located in a census tract that meets the same definition as Tier III and IV counties. RIA will make a list of qualifying census tracts available annually and a census tract must be designated on the list as eligible at the beginning of the fiscal year or at the time of application submission. In addition, a project is also eligible if the service area is the same as a currently approved US Department of Agriculture (USDA) Rural Development grant or loan or a State Community Development Block Grant (CDBG).

Projects must be located in and directly benefit customers in qualifying counties or census tracts. If a project service area includes both eligible and ineligible counties or census tracts, RIA will only assist the portion of the project that serves the eligible county or census tract. Applicants will be required to submit maps showing the census tract boundaries as well as the project service area and must provide justification of the proposed benefit to the eligible area. The RIA, in its sole discretion, will make a determination whether the project meets the intent of benefitting eligible areas.

Some grant categories may not allow projects that serve non-eligible counties. Please see the Grant Program Categories for a description of the eligible applicants.

General Requirements

Applications and Threshold

Generally, an eligible entity may have only one funded RIA grant at a time. There is no threshold requirement for Economic Impact Projects. Applicants may submit only one application per program category. However, a local government is allowed to have one additional application or grant if they are applying on behalf of a private, not-for-profit water/sewer company. There should not be multiple applications for the same project activity or service area.

Generally, the applicant must own, operate and maintain the facilities being improved unless a local government is applying on behalf of a private, not-for-profit water/sewer company. Because counties often take the lead in planning for economic development purposes, eligible counties may apply for Economic Infrastructure or Economic Impact projects even if they do not own, operate or maintain the water and sewer infrastructure being improved.

Additionally, projects should not be submitted for consideration if there is local controversy regarding the activities or proposed outcomes. Such projects may be returned to the applicant for local resolution.

Applicants are expected to cost-share in project activities. At a minimum, all planning, engineering, permitting, acquisition, legal or other non-construction related costs will be the sole responsibility of the applicant. There may be an additional match requirement, depending on the type of grant being awarded and the location of the project.

Applications for RIA program funds are available upon request by contacting the RIA or may be downloaded from the RIA website. The RIA staff is available to provide technical assistance to help potential applicants determine the eligibility of a project or how to apply for funding. Applications consist of a narrative description of the project and justification for the need, impact and amount requested. It also consists of applicant certifications and funding commitments, a detailed budget, maps and a preliminary engineering report and other appropriate documentation.

Application Deadlines

Application deadlines are specified for each Grant Program Category included in this Program Strategy. In order to be considered for RIA funding, the chief executive or administrative official for the applicant must submit an acceptable application that meets all program requirements.

An original and three copies of the application must be submitted to RIA. Postmarked applications or applications submitted electronically will not be accepted. Failure to submit the required copies by the deadline could delay consideration of your project or result in a determination that the application is incomplete. Applications must be submitted to:

SC Rural Infrastructure Authority
1201 Main Street, Suite 1600
Columbia, SC 29201

Applicants may request a modification of any program requirement where there are exceptional circumstances, an urgent and compelling need, or if other significant project funding is at risk and there are no other funding sources available. Such a request must be submitted by the chief executive or administrative official in writing with the completed application. The RIA may request additional documentation such as financial statements, audits, etc. to justify the program modification. Such requests must be submitted in writing by the chief executive/administrative official with the application submission and will be considered on a case- by-case basis. The Board reserves the right to modify or waive any program requirement established herein when it is considered to be necessary or appropriate to achieve the purposes and intent of the South Carolina Rural Infrastructure Act.

Funding Distribution

The amount of funds available for grant distribution for FY 2014 is \$12 million. The funds will be distributed in accordance with the grant categories as described herein. If application demand exceeds available funds, the RIA Board may make additional funding available or revise the budget among the Grant Program Categories as required.

Grant Program Category	Amount
Basic Infrastructure	\$ 6,000,000
Emergency Infrastructure	\$ 500,000
Economic Infrastructure	\$ 3,500,000
Economic Impact	\$ 2,000,000
Total Funds Available	\$12,000,000

Grant Program Categories

Following is a description of the four Grant Program Categories that are available to address the objectives of the RIA program and the method for distributing funds within these categories. Each category includes a description of the funding available, purpose, eligibility and other requirements, maximum grant amount, matching requirement, application due dates and the selection process.

Basic Infrastructure

Total Funds Available: \$6,000,000

Purpose: Projects will bring systems into compliance with environmental quality standards or address public health concerns, and thereby contribute to community sustainability.

Eligible Applicants:

Distressed/Least Developed Counties: The program is primarily designed to address projects located in counties that are designated as distressed or least developed.

Other Eligible Areas (in non-distressed/least developed counties): For counties that are not distressed/least developed, an application may be submitted if the project is located in and directly serves customers in census tracts that meet the definition of distressed or least developed. If a project serves both eligible and ineligible census tracts, only the portion serving customers within the eligible census tract qualifies for RIA assistance. Project costs may be prorated according to the eligible service area. In addition, a project is also eligible if the service area is the same as a currently approved USDA Rural Development grant or loan or a State CDBG grant.

Maximum Grant Amount: \$350,000

Match Requirement:

Distressed or Least Developed Counties: All planning, engineering, permitting, acquisition, legal or other non-construction related costs are the responsibility of the applicant and may not be paid with other state or federal grant funds.

Other Eligible Areas (in non-distressed/least developed counties): Applicants must provide 25% of the total construction costs. All planning, engineering, permitting, acquisition, legal or other non-construction related costs also are the responsibility of the applicant. Applicant contributions may not be paid with other state or federal grant funds.

Eligible Activities: Upgrades, improvement or extension of water or sewer infrastructure. Storm water drainage activities also may be considered.

Ineligible RIA Costs:

- Repairs, Operating, or Maintenance expenses
- Relocation of utilities unless there is an upgrade of the line
- Equipment that is not a permanent part of the system
- Impact fees, connection or service line costs and customer meters
- Acquisition costs
- Planning, Engineering, or Permitting fees
- In-kind Labor
- Contingency, Legal or Administrative fees

Other Requirements: Projects that address US Environmental Protection Agency (EPA) or DHEC Consent Orders, violations or unsatisfactory ratings related to public health or environmental quality will be given highest consideration based on the seriousness of the problem in comparison to other projects. Projects that address other health concerns not documented by DHEC must be quantified in the application (frequency, quantity and severity of the problem) and supported by other appropriate documentation. Existing infrastructure that is aging and deteriorating but has not resulted in an unsatisfactory rating will have secondary priority. Problems with water pressure and hydrants will receive a lower priority. Violations related to reporting, monitoring or other program or operational issues are not considered a priority.

Costs will be comparatively evaluated and must be reasonable. Generally, RIA costs should not exceed \$10,000 per customer served. For new line extensions, the applicant should have written agreements/commitments from customers to connect to the new line. A commitment rate of 70% is considered appropriate to ensure feasibility of project costs.

RIA project costs may not be under contract or obligated at the time of application. RIA will not reimburse expenditures incurred prior to grant award and clearance of grant conditions. Projects are expected to be completed within 18 months of grant award.

Application Due Dates: Applications will be considered on a competitive basis and must be received no later than 5:00 p.m. on February 3, 2014.

Project Selection: Projects will be reviewed for completeness, eligibility, and consistency with the program objectives and requirements. Upon completion of the review, qualified projects will be prioritized and presented to the Board based on an evaluation of need, impact and feasibility of the project as documented and addressed in the application. The Board will make all funding decisions.

Emergency Infrastructure

Total Funds Available: \$500,000

Purpose: To address emergency needs for infrastructure extension or make emergency repairs to water or sewer systems that address an imminent threat to the public health or environmental quality, of recent origin (within 6 months) and where other funding sources are not available.

Eligible Applicants: The program is designed to only address projects located in counties that are designated as distressed/least developed.

Maximum Grant Amount: \$50,000

Match Requirement: All planning, engineering, permitting, acquisition, legal or other non-construction related costs are the responsibility of the applicant and may not be paid with other state or federal grant funds.

Eligible Activities: Emergency extensions or repairs to water or sewer infrastructure. Such projects may replace existing components, but generally do not increase capacity. Projects are expected to be completed within 6 months of grant award in order to address the emergency need. Note: Emergency generators serve to back-up existing facilities but such equipment does not meet the definition of an emergency need.

Ineligible RIA Costs:

- Operating or Maintenance expenses
- Equipment that is not a permanent part of the system
- Impact fees, connection or service line costs and customer meters
- Acquisition costs
- Planning, Engineering, or Permitting fees
- In-kind Labor
- Contingency, Legal or Administrative fees

Other Requirements: Costs will be comparatively evaluated and must be reasonable. Generally, RIA costs should not exceed \$10,000 per customer served. For new line extensions, the applicant should have written agreements/commitments from customers to connect to the new line.

RIA project costs may not be under contract or obligated at the time of application. RIA will not reimburse expenditures incurred prior to grant award and clearance of grant conditions.

Applicants may only request emergency repair assistance once in a program year. No program requirement waivers will be considered in this grant category.

Applicants may be required to conduct rate studies in order to ensure there are sufficient revenues to fund emergency repairs in the future.

Application Due Dates: Applications will be accepted at any time and following completion of due diligence reviews will be presented to the Board at the next appropriate Board meeting. The Board may also consider such projects at a specially called meeting where there is an urgent need to address the emergency.

Project Selection: Projects will be reviewed for completeness, eligibility, and consistency with the program objectives and requirements. Upon completion of the review, qualified projects will be prioritized and presented to the Board based on an evaluation of need, impact and feasibility of the project as documented and addressed in the application. The Board will make all funding decisions. Projects will be considered until all funds allocated for this category are awarded. If projects do not meet the criteria for emergency assistance, the project may be considered in the Basic Infrastructure Grant Category.

Economic Infrastructure

Total Funds Available: \$3,500,000

Purpose: Projects will build local capacity to support economic development through the provision of publically owned infrastructure. Eligible projects include:

- Infrastructure improvements that increase the capacity for existing or new businesses to grow and create or retain jobs; or
- Infrastructure to serve publically owned, certified industrial sites or publically owned, certified industrial parks.

Eligible Applicants:

Distressed/Least Developed Counties: The program is primarily designed to address projects located in counties that are designated as distressed or least developed.

Other Eligible Areas (in non-distressed/least developed counties): For counties that are not distressed/least developed, an application may be submitted if the publically owned, certified site or industrial park is located in and primarily serves census tracts that meet the definition of distressed or least developed. If a project serves both eligible and ineligible census tracts, only the portion serving customers within the eligible census tract qualifies for RIA assistance. Project costs may be prorated according to the eligible service area. In addition, a project is also eligible if the service area is the same as a currently approved USDA Rural Development grant or loan or a State CDBG grant.

Maximum Grant Amount: \$350,000

Match Requirement:

Distressed or Least Developed Counties: Applicants must provide 25% of the total construction costs. All planning, engineering, permitting, acquisition, legal or other non-construction related costs also are the responsibility of the applicant. Applicant contributions may not be paid with other state or federal grant funds.

Other Eligible Areas (in non-distressed/least developed counties): Applicants must provide 50% of the total construction costs. All planning, engineering, permitting, acquisition, legal or other non-construction related costs also are the responsibility of the applicant. Applicant contributions may not be paid with other state or federal grant funds.

Eligible Activities: Upgrades, improvement or extension of publically owned water or sewer infrastructure. Storm water drainage also may be considered.

Ineligible RIA Costs: These are the same as the Basic Infrastructure program.

Other Requirements: Costs will be comparatively evaluated and must be reasonable. Generally, RIA costs should not exceed \$10,000 per customer served. RIA will not reimburse expenditures incurred prior to grant award and clearance of grant conditions. Project construction is expected to be completed within 18 months of grant award.

RIA will seek input and recommendation from Commerce to determine the feasibility, potential economic impact and appropriateness of the assistance. In the case of infrastructure to serve publically owned, certified industrial sites or certified industrial parks, an acceptable marketing plan must be included with the application that documents how job creation will be achieved in a timely manner.

Application Due Dates: Applications will be accepted no later than 5:00 p.m. on September 9, 2013.

Project Selection: Projects will be reviewed for completeness, eligibility, and consistency with the program objectives and requirements. Upon completion of the review, qualified projects will be prioritized and presented to the Board based on an evaluation of need, impact and feasibility of the project as documented and addressed in the application. The Board will make all funding decisions.

Economic Impact

Total Funds Available: \$2,000,000

Purpose: To provide publically owned infrastructure or facilities to serve economic development projects that create impact through job creation and significant private investment.

Eligible Applicants:

Distressed/Least Developed Counties: The program is primarily designed to address projects located in counties that are designated as distressed or least developed.

Other Eligible Areas (in non-distressed/least developed counties): For counties that are not distressed/least developed, an application may be submitted if the project is located in and primarily serves census tracts that meet the definition of distressed or least developed. If a project serves both eligible and ineligible census tracts, only the portion serving customers within the eligible census tract qualifies for RIA assistance. Project costs may be prorated according to the eligible service area. In addition, a project is also eligible if the service area is the same as a currently approved USDA Rural Development grant or loan or a State CDBG grant.

Maximum Grant Amount: \$500,000

Match Requirement:

Distressed or Least Developed Counties: Applicants must provide 25% of the total construction costs. All planning, engineering, permitting, acquisition, legal or other non-construction related costs also are the responsibility of the applicant. Applicant contributions may not be paid with other state or federal grant funds.

Other Eligible Areas (in non-distressed/least developed counties): Applicants must provide 50% of the total construction costs. All planning, engineering, permitting, acquisition, legal or other non-construction related costs also are the responsibility of the applicant. Applicant contributions may not be paid with other state or federal grant funds.

Eligible Activities: Upgrades, improvement or construction of publically owned water or sewer infrastructure or public facilities.

Ineligible RIA Costs: These are the same as the Basic Infrastructure program.

Other Requirements: Facilities or improvements must be publically owned and operated. Costs will be comparatively evaluated and must be reasonable. Generally, RIA costs should not exceed \$10,000 per job created. RIA will not reimburse expenditures incurred prior to grant award and clearance of grant conditions. Project construction is expected to be completed within 18 months of grant award.

Businesses must be committed to creating jobs and making a capital investment within five years. Such projects must have the recommendation of Commerce.

Application Due Dates: Applications may be submitted at any time and following completion of due diligence reviews will be considered at the next appropriate Board meeting. The Board also may consider such projects at a specially called meeting where there is an urgent need for action.

Project Selection: Projects will be reviewed for completeness, eligibility, and consistency with the program objectives and requirements. Upon completion of the review, qualified projects will be prioritized and presented to the Board based on an evaluation of need, impact and feasibility of the project as documented and addressed in the application. The Board will make all funding decisions.

Application Selection Process

Projects will be reviewed by staff for completeness, eligibility, and consistency with the program objectives and requirements. Project selection factors should be adequately addressed and documented in the application. Qualified projects will be evaluated and prioritized based on the selection factors identified for each Grant Program Category and presented to the Board for consideration.

Applications that are incomplete or contain significant problems, deficiencies or discrepancies, such that a determination of the eligibility or feasibility of the project cannot be readily determined, will not be presented to the RIA Board as a qualified project. Projects which are locally controversial will not be considered feasible until the controversy is satisfactorily resolved.

RIA may request additional information from the applicant or other sources as necessary to evaluate the application and proposed project. Any clarifications requested must be submitted within the timeframe specified and must be acceptable to RIA. Failure to adequately respond or submit the requested documentation within the requested timeframe may result in the project not being presented to the RIA Board as a qualified project. An on-site review of the proposed project may be conducted as necessary to verify information in the application.

As part of the due diligence review, RIA may seek the expertise of other appropriate Federal or State agencies, such as DHEC, Commerce, EPA, US Department of Agriculture, US Army Corps of Engineers, or other agencies, to determine the appropriateness of the assistance and compliance with federal or state requirements.

Upon completion of all due diligence reviews, qualified projects will be determined and prioritized based on a comparative evaluation of need, impact and feasibility of the project as documented and addressed in the application. Factors to be considered include:

Need

- What is the severity and extent of the problem?
- Is there recent documentation of the problem?
- Does the project serve a designated distressed/least developed county or census tract?

Impact /Expected benefits

- What are the quantitative and qualitative benefits?
- Is there a commitment to achieve the level of benefit proposed?
- Will benefits be achieved in the timeframe provided?
- Will the project have local or regional impact?

- Are benefits long term or short term?
- Does the project build capacity to support economic activity?
- Is there potential to create economic impact?

Feasibility of the project

- Is it consistent with program requirements?
- What past efforts have been taken to solve the problem or plan for implementation?
- Will the project resolve the problem or are additional improvements needed?
- Were alternatives considered and is the most appropriate/cost effective solution proposed?
- Is the project ready to proceed to construction and can it be completed in 18 months?
- Does the applicant have the technical, operational and financial capacity to sustain improvements?

Budget Impact

- Are cost estimates current and all necessary costs included?
- Are costs reasonable?
- What is the level of local effort or contribution?
- What is the leveraging ratio to RIA funds?
- Is there a firm commitment of all necessary project funding at time of application?

Qualified projects will be submitted to the RIA Board for consideration along with priority recommendations for funding. The Board may give additional consideration to qualified projects located in distressed or least developed counties or other projects that will ensure a more equitable geographical distribution of funds. All funding decisions are made by the RIA Board. The Board will be provided information on all applications received and may approve, modify or decline funding approval on any and all applications.

RIA reserves the right to negotiate or require changes in activities or funding amounts. For water and sewer projects, a rate structure analysis or adjustment may be required or recommended as a condition of assistance in order to ensure appropriate levels of funding for operation and maintenance.

All applicants will be notified of the funding decisions. Projects that are not approved for funding may not be carried forward for consideration beyond the current fiscal year.

The RIA Board will generally review applications at its regularly scheduled meetings in accordance with the specifications of each grant program category. However, specially called meetings may be held as needed to address emergency requests or for projects requiring immediate action to ensure job creation.